

## Speaking notes – check against delivery

### AER public forum on Jemena Gas Networks 2020-25 access arrangement public forum

Sydney 7 August 2019



#### Introduction

- Thank the AER for opportunity to speak and share positions
- PIAC is a consumer advocate representing all NSW households in electricity, gas and water with a focus on protecting the interests of vulnerable households and those facing disadvantage
- We agree with and generally support the points raised by CCP and ECA
- I'll focus more on the engagement that Jemena has done to date to inform their proposal

#### PIAC's engagement scorecard

- Engagement of consumers directly and consumer representatives such as PIAC is critical to regulatory determinations that reflect the long-term interests of consumers
- Because of this, PIAC developed a set of evaluation criteria for assessing the engagement that network businesses have done
- We took the AER's set of engagement principles
  - Clear, accurate and timely
  - Accessible and inclusive
  - Transparent
- And topped and tailed it with
  - The culture and approach to engagement within the business
  - Measurable outputs for consumers
- Broke these principles down and elaborated on what each of look like in practice

#### Jemena's engagement

- PIAC commends the consumer engagement that Jemena has conducted in the lead up to preparing its proposal.
- Consumer reps like ourselves:
  - public consultation on a Draft Plan;
  - a deep dives on the Draft Plan in general and

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- the proposed CESS design in particular;
- the use of Jemena's customer council;
- Directly with consumers:
  - multiple rounds of deliberative engagement with a broad, representative group of consumers across NSW;
  - a wrap up deliberative forum where attendees from each region came to Sydney to confirm that Jemena had heard them correctly and had adequately taken their feedback on board for their Draft Plan
  - targeted workshops with more select groups of consumers
    - in particular the workshops held entirely in language with both residential and small business customers through the support of the Ethnic Communities Council of NSW;
    - first of its kind in NEM and look forward to seeing more businesses do this
- Included discussion with both consumers and consumer reps of more detailed and fundamental issues such as accelerated depreciation in a way that allowed for meaningful and informed input
  - Not perfect but great first attempt at broaching a tricky and complex subject
- Jemena has shown in its 2020 Plan where and how it has taken stakeholder feedback onboard and made changes to its Plan
  - demonstrating an open-mindedness and willingness to compromise in the long-term interests of consumers.
- They also commenced early – over 18 months before the initial proposal was due to the AER
  - allowing for more fulsome discussion and more meaningful input on all sides
- While we have not formally assessed Jemena's engagement as we did for the NSW electricity distribution businesses, Jemena's engagement would rank highly on the evaluation criteria PIAC has developed
- Doesn't mean complete agreement with JGN. But it does mean a lot of questions and issues have been resolved or been taken off the table (eg: ...) which makes this formal process far more targeted

## **Accelerated depreciation**

- Echo and support ECA and CCP
- What are other solutions to the problem?
- Is this the right time to action the solution?

## **CESS**

- Generally support the judicious use of incentive schemes
- However design of any incentive scheme must
  - Be for things business can control
  - Be symmetric (bonus and penalty payment) in terms of quantum of \$ at stake and likelihood of receiving it
  - Target set to represent action in addition to BAU – not bonus payments that are a ‘gimme’
- Welcome the deep dive in April and the changes JGN made off the back of it
  - Reduce weightings of meter-related capex line items
  - Exclude connections capex from CESS because outside of JGN’s influence